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8 **UNITED STATES DISTRICT COURT**  
9 **SOUTHERN DISTRICT OF CALIFORNIA**

10 VIASAT, INC., a Delaware  
11 corporation,  
12 Plaintiff and Counter-Defendant,  
13 vs.  
14 ACACIA COMMUNICATIONS,  
INC., a Delaware Corporation  
15 Defendant and Counter-Claimant.

CASE NO. 3:16-cv-00463-BEN-KSC

**ORDER REMANDING CASE**

[Doc. No. 75, 83, 86, 89, 93, 95, 98]

16 **INTRODUCTION**

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18 Now before the Court is Plaintiff's motion<sup>1</sup> in which it asserts this court lacks  
19 federal jurisdiction and asks it to remand to the case to the state court from which it  
20 was removed. The motion is granted.

21 This case was originally filed in the Superior Court of California. Plaintiff  
22 asserted there three simple state law claims. Defendant removed the case from the  
23 state court under 28 U.S.C. §1338 and §1454. Specifically, Defendant noted that  
24 the complaint did not assert any patent-related counts on its face. However, it  
25 asserted that Plaintiff's right to relief "necessarily depend[ed] on resolution of a  
26 substantial question of federal patent law, in that patent law is a necessary element

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28 <sup>1</sup>Motion for Summary Judgment (filed 2/2/18). Defendant has had an  
opportunity to respond (and has responded) to the assertion that removal was improper.  
See Opposition to Motion for Summary Judgment (filed 2/16/18).

1 of the well-pleaded claims.” Notice of Removal, at ¶5. More specifically,  
2 Defendant specified that what is actually disputed is “the federal issue of *patent*  
3 *misappropriation*.” *Id.* at ¶6 (emphasis added). On the same day the case was  
4 removed, Defendant filed its Answer and included a counterclaim for patent  
5 misappropriation alleging an equitable ownership interest in one or more of  
6 Plaintiff’s patents together with several state law claims.

## 7 DISCUSSION

8 A great deal of time and discovery effort has passed since removal.  
9 Nevertheless, a district court may inquire into its own jurisdiction at any time.  
10 *Herklotz v. Parkinson*, 848 F.3d 894, 897 (9th Cir. 2017). A court is not required at  
11 any particular time to *sua sponte* consider whether it is proper to assert continuing  
12 federal jurisdiction over state law claims when federal claims are eliminated. *Acri*  
13 *v. Varian Assoc., Inc.*, 114 F.3d 999, 1000 (9th Cir. 1997) (*en banc*) (“[W]hile a  
14 district court must be sure that it has federal jurisdiction under § 1367(a), once it is  
15 satisfied that the power to resolve state law claims exists, the court is not required to  
16 make a § 1367(c) analysis unless asked to do so by a party.”). That changes,  
17 however, when a party raises the issue, as Plaintiff has now done. *Id.* at 1001.

18 Plaintiff argues three grounds for remand. First, it asserts that the original  
19 removal was improper. Second, it asserts that the counterclaims do not raise federal  
20 jurisdiction. Third, it suggests that this is a typical case in which the discretionary  
21 exercise of supplemental jurisdiction should usually be declined.

22 Courts strictly construe the removal statute against removal jurisdiction, and  
23 the defendant always has the burden of establishing that removal is proper. *Gaus v.*  
24 *Miles, Inc.*, 980 F.2d 564, 566 (9th Cir. 1992) (per curiam). *Prop. Inv’rs 2016,*  
25 *LLC v. Yep*, No. 2:18-CV-02527-TLN-AC, 2018 WL 4610556, at \*1 (E.D. Cal.  
26 Sept. 21, 2018). Doubts are resolved against the exercise of jurisdiction.

27 In typical cases, the well-pleaded complaint rule requires that jurisdiction be  
28 analyzed on the sole basis of the complaint. Here, since Plaintiff is the master of the

1 complaint and chose to assert only state law claims, it would typically be a simple  
2 question and answer. Recent changes to the law relating to patents has changed that  
3 typical approach.<sup>2</sup> Section 1454 permits federal patent jurisdiction to be asserted  
4 upon a counterclaim as well as a complaint. *Vermont v. MPHJ Tech. Invs., LLC*,  
5 803 F.3d 635, 644 (Fed. Cir. 2015). Thus the original jurisdiction calculus focuses  
6 in this case on Defendant's counterclaim for patent misappropriation.<sup>3</sup>

7 Defendant asserts in its counterclaim that it has an equitable interest in  
8 Plaintiff's patents. "Acacia thereby has an equitable interest in the ViaSat Patent  
9 Family." Answer and Counterclaim at ¶39. It further claims that Plaintiff has  
10 "misappropriated the ViaSat Patent Family." *Id.* at ¶43. It asks for relief in various  
11 forms including an accounting, a trust, rescission of the ownership and transfer of  
12 ownership of the patent family, and an injunction from continuing misappropriation.  
13 *Id.* at ¶¶ 44-47. It is significant that Defendant does not claim inventorship; only  
14 ownership.

15 Ownership of a patent, whether legal or equitable is a property law question.  
16 As such, it is not a patent law question. Thus, in *Arachnid, Inc., v. Merit Industries*,

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18 <sup>2</sup>The Act also amended 28 U.S.C. §1338(a), the statute conferring on district  
19 courts "original jurisdiction of any civil action arising under any Act of Congress  
20 relating to patents," to provide that "[n]o State court shall have jurisdiction over any  
21 claim for relief under any Act of Congress relating to patents[.]" 28 U.S.C. § 1338(a).  
22 Together with the amendment to 28 U.S.C. § 1295(a)(1), which extended the Federal  
23 Circuit's jurisdiction to "compulsory counterclaim[s] arising under ... any Act of  
24 Congress relating to patents," these patent-related changes are commonly known as the  
25 "Holmes Group fix." Joe Matal, *A Guide to the Legislative History of the America  
26 Invents Act: Part II of II*, 21 Fed. Cir. B.J. 539, 539 (2012). This "fix" was adopted in  
27 response to an earlier decision by the Supreme Court, which held that a counterclaim  
28 by a defendant cannot serve as the basis for "arising under" jurisdiction" under 28  
U.S.C. § 1295(a)(1). *See Holmes Grp., Inc. v. Vornado Air Circulation Sys., Inc.*, 535  
U.S. 826, 831 (2002). Rejecting *Holmes*, the three statutes "provide[d] federal courts  
... with a broader range of jurisdiction; that is, with jurisdiction over claims arising  
under the patent laws even when asserted in counterclaims." *Vermont v. MPHJ Tech.  
Invs., LLC* ("MPHJ"), 803 F.3d 635, 644 (Fed. Cir. 2015). *Apollo Enter. Sols., Inc. v.  
Lantern Credit, LLC*, No. CV 17-02331-AB (JCX), 2018 WL 437472, at \*5 (C.D. Cal.  
Jan. 16, 2018).

28 <sup>3</sup>There is no diversity of citizenship between the parties as they are both citizens  
of Delaware where they are both incorporated.

1 *Inc.*, 939 F.2d 1547 (Fed. Cir. 1991), a distinction was made between claims of  
2 patent ownership which belong in state court and claims of infringement which are  
3 patently federal patent claims. “A patent is a creature of statute, as is the right of a  
4 patentee to have a remedy for infringement of his patent. Suit must be brought on  
5 the *patent*, as ownership only of the invention gives no right to exclude, which is  
6 obtained only from the patent grant.” *Id.* at 1578-79. “Although an agreement to  
7 assign in the future inventions . . . may vest the promisee with *equitable* rights in  
8 those inventions once made, such an agreement does not by itself vest *legal* title to  
9 patents on the inventions in the promisee.” *Id.* at 1581. Here, Defendant does not  
10 have legal title to any patents in question. It asserts that this court should award it  
11 some fraction of ownership as a matter of equity. That is a state law issue of  
12 ownership. It is not an issue of construction of a patent, or infringement of a patent,  
13 or inventorship of a patent. It is tangentially related to patents owned by Plaintiff.  
14 Thus, it is a close question whether the tangential relationship is sufficiently  
15 “related” to support federal jurisdiction under §1454.

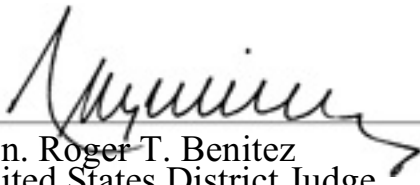
16 Courts resolve doubts about a federal court’s limited jurisdiction against the  
17 exercise of jurisdiction. *Luther v. Countrywide Home Loans Servicing LP*, 533 F.3d  
18 1031, 1034 (9th Cir. 2008) (“A defendant seeking removal has the burden to  
19 establish that removal is proper and any doubt is resolved against removability.”)  
20 (citation omitted). That is the proper course here. Therefore, the removal of the  
21 case was improper. Likewise, the counterclaim filed in this case does not provide  
22 federal claim jurisdiction. The state law claims provide no basis for jurisdiction  
23 because of a lack of diversity of citizenship between the parties. Because federal  
24 jurisdiction was lacking from the outset, there is no discretion to exercise  
25 continuing jurisdiction over the state law claims as when a federal claim is later  
26 dismissed. *E.g., Carlsbad Tech., Inc. v. HIF Bio, Inc.*, 556 U.S. 635, 639 (2009);  
27 *Reynolds v. County of San Diego*, 84 F.3d 1162, 1171 (9th Cir. 1996) (“[A]fter  
28 granting summary judgment on the civil rights claim, the court should have

1 dismissed the state law claims without prejudice.”). Here there never was a valid  
2 federal-law claim. The Court is aware that much discovery and motion practice has  
3 been lavished on this case while in federal court. Much of the effort need not go to  
4 waste as discovery obtained will also assist in state court and dispositive motions on  
5 the state law claims will still rely on state law. The possibility of forum shopping is  
6 always a concern when motions to remand are made after time passes. However,  
7 there is no direct evidence of that animating the motion to remand in this case.

### 8 CONCLUSION

9 This case is remanded to the Superior Court of San Diego. Any pending  
10 motions are denied as moot to be reasserted in the state court. Each side shall bear  
11 their own costs and attorney fees incurred as a result of the removal. 28 U.S.C.  
12 § 1447(c).

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14 DATED: September 28, 2018

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17 Hon. Roger T. Benitez  
United States District Judge